C-I-L Inc.

On January the 1st 1980 the Company name was changed from Canadian Industries Limited to C-I-L Inc.

The new name is appropriate for a company familiarly known for years as C-I-L.

Annual Report 1979

C·I·L Inc.
C·I·L House
630 Dorchester Boulevard West
Montreal, Quebec
H3C 2R3

Board of directors

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C·I·L Inc.
Montreal, Quebec

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President
Canadian Pacific Limited
Montreal, Quebec

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Chairman,
Executive Committee
Sun Life Assurance Company of Canada
Residence: Ottawa, Ontario

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C·I·L Inc.
Montreal, Quebec

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Omer DeSerres Ltée
Montreal, Quebec

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Corporation Director
Toronto, Ontario

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Montreal, Quebec

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Imperial Chemical Industries Limited
London, England

E.W. King
President
Canadian Utilities Limited
Edmonton, Alberta

R.I. Lindsell
Chairman, Mond Division
Imperial Chemical Industries Limited
Runcorn, England

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President and
Chief Executive Officer
C·I·L Inc.
Montreal, Quebec

F. Whiteley
Director
Imperial Chemical Industries Limited
London, England

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F.S. Burbidge
A.M. Campbell

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Chief Executive Officer
W.J. Mandry

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D.M. Coyle
P.R. Day
C.H. Hantho
A.T.G. Rodgers

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L.A. Wheable

Treasurer
M.C. Fitzsimmons

Controller
L.H. Chant

Assistant Secretaries
D.E. Fletcher/Elizabeth Newman

Assistant Treasurer
C. McLaughlin

Assistant Controller
M.E. Johnson

Registrar, Transfer Agent and Dividend Disbursing Agent
National Trust Company Limited
Montreal, Toronto, Calgary, Vancouver

Stock Exchange Listings
Montreal, Toronto, Vancouver

Registrar and Transfer Agent for Debentures
The Royal Trust Company
Montreal, Toronto, Winnipeg, Vancouver

Auditors
Touche Ross & Co.

Principal operating subsidiaries

Alchem Inc.
Water treatment and specialty chemicals

Canadian Hanson Limited
Electroplating supplies

Chemetics International Ltd.
Chemical plant, equipment, processes and design

Chipman Inc.
Insecticides, herbicides, fungicides

C·I·L Chemicals, Inc.
Chemicals marketing and distribution

C·I·L Paints Inc.
Decorative and industrial coatings

Continental Explosives Limited
Explosives distribution

CXA Ltd.
Detonators, detonating cord and fuses

Eco-Research Ltd.
Environmental survey, measurement and engineering services, and waste treatment processes

Explosives Sales (1970) Limited
Explosives distribution

Inland Chemicals Ltd.
Sulphuric acid, alum

Jarvis Clark Company Limited
Underground mining and construction equipment

West African Explosives and Chemicals Ltd., Liberia
Explosives

Principal associated companies

Canso Chemicals Limited
Caustic soda, chlorine and sodium chlorate

Cornwall Chemicals Limited
Carbon tetrachloride and bisulphide, fine sulphur

Tricil Limited
Waste management and disposal

On peut se procurer le présent rapport en français en s'adressant au Secrétaire, C·I·L Inc., C.P. 10, Montréal, Québec H3C 2R3

Consolidated financial highlights

	1979	1978
Sales	**$ 879,968,000**	$ 746,857,000
Income before taxes	**66,864,000**	49,264,000
Net income before extraordinary items	**36,309,000**	26,416,000
Working capital at December 31	**157,870,000**	151,000,000
Capital expenditures (including expenditures for acquiring new subsidiaries and associated companies)	**89,947,000**	102,507,000
Common shares outstanding at December 31	**9,794,161**	9,794,161
Earnings per common share before extraordinary items	**$3.11**	$2.28
Dividends per common share	**$1.32**	$1.28
Number of shareholders at December 31		
Common	**4,026**	4,354
Preferred	**452**	491

The Company

C·I·L Inc. is a major Canadian manufacturer and distributor of chemicals and allied products to domestic and export markets. It traces its history back to the early days of the nation when explosives were supplied for the construction of Canada's first railroads.

Today the Company's main business divisions are agricultural chemicals, general chemicals, industrial chemicals, explosives and plastics. In addition, chemical process technology, underground mining equipment, paints, and waste management and disposal services are supplied through subsidiary and associated companies.

Together with its subsidiaries it operates more than 30 plants and numerous smaller facilities across Canada, employing more than 8,000 people. There are also some subsidiary companies operating in other countries.

The Company is federally incorporated with about 26% of its common stock held by about 4,500 shareholders, most of whom are residents of Canada. Imperial Chemical Industries Limited of the United Kingdom, one of the world's largest chemical companies, is the majority shareholder.

Of C·I·L Inc.'s 12 directors, nine are Canadian citizens, of whom four are officers of the Company and five are leaders in other areas of Canadian business.

ICI-Solvay diaphragm cells were installed in the new cell room at Bécancour.

1979 was a year that surpassed our expectations. Despite the low growth rate of the economies in Canada and the United States, C·I·L achieved significant improvement in profitability.

Higher sales volume in virtually all business areas and some improvement in pricing enabled us to increase consolidated sales to $879,968,000, a gain of 18% over the preceding year. Improvement in productivity was a strong factor in increasing income from operations by 44%.

Net income was $36,309,000, up 37% from 1978; earnings a common share before extraordinary items were $3.11 compared to $2.28 a year ago. The dividend was increased in the last quarter of 1979 from 32 cents to 36 cents a common share, raising dividends to $1.32 for the year, compared to $1.28 in 1978.

Our subsidiary companies continued to perform well, contributing together more than one third of our income from operations. In general, these are high technology companies serving strong specialized markets and they earn a good rate of return on capital employed. We are continuing to push aggressively for growth in these businesses, building in most cases on their potential for international sales and operations while strengthening their position in domestic markets.

The success of our industrial chemicals division in keeping customers supplied during nearly one year's interruption of sulphuric acid production at Copper Cliff, due to strikes at Inco Limited and at our own plant, deserves particular recognition.

Involvement of people

The challenge of doing business under difficult and highly competitive conditions was met by all units of the Company and required great concentration of effort at all levels. Members of the Board were actively involved, senior executives carried a greater share of responsibility, and an expanded program of management meetings to discuss key issues resulted in improved communication and understanding throughout the organization. Our improved profitability is, to a considerable degree, a result of the total effort put forth by C·I·L people.

The Board completed a thorough study of its own organization and role, which resulted in significant changes. Directors have increased the time they devote to the Company's planning, and two additional board meetings for this purpose are scheduled for each year. A spring meeting focuses on C·I·L's

W.J. Mandry

Wilfred J. (Bill) Mandry, president and chief executive officer, joined C·I·L in 1955 as a mechanical engineer. He has served as distribution manager, manager of the Company's polyester fibres plant at Millhaven, Ontario and general manager of the agricultural chemicals division. In 1970 he became executive vice president and a director.

In 1973 he was seconded to ICI Americas Inc. as vice president, and in 1975 he returned to C·I·L as president and chief operating officer. He became chief executive officer in 1976.

Mr. Mandry is chairman of the Canadian Chemical Producers' Association for 1979-80, and was chairman of the Canadian section, Society of Chemical Industry 1977-78.

objectives and major strategic issues for the next five years, while a fall meeting deals with the financial forecast and the projected capital program.

Capital expenditures

The Company's major capital project in 1979, the expansion of our chloralkali plant at Bécancour, Quebec, was completed under budget and ahead of schedule, and went on stream smoothly. These new energy-efficient facilities have doubled our chloralkali capacity at this location and have reinforced our position as the largest producer in Eastern Canada.

Overcapacity in the industry is currently affecting sales of chloralkali products; however, supply and demand will come into better balance over the next few years. With the Bécancour expansion on stream, we are well-positioned to supply markets for these products, both in Eastern Canada and in the northeastern United States.

An $18 million expansion in capacity for urea in both liquid and granular form is now on stream at Lambton Works, C·I·L's agricultural chemicals complex near Sarnia, Ontario. Because of the higher proportion of nitrogen nutrient in urea, preference for this form of nitrogen fertilizer has greatly increased demand.

Growth in demand for nitrogen and phosphate fertilizers has now outstripped production capacity in Eastern Canada and prices that had been depressed are continuing to improve for these products. Given the current favorable market conditions, C·I·L is studying the possibility of future expansion in ammonia production.

A major capital investment now underway will double capacity in low density polyethylene resin at Edmonton. This expansion is expected to be on stream late in 1981 at an estimated cost of $55 million, including additional downstream compounding and research facilities. During 1979, due to current capacity limitations, substantial amounts of resin had to be purchased for our own films manufacturing operations. The Company's greenhouse film and patented valve shipping sacks are now being supplied in the United States as well as in Canada.

As oil and gas will be the strongest area of growth in Canada's economy for some time to come, we are considering greater participation in this industry beyond the scope of our current joint venture in an exploration program with Bralorne Resources. Opportunities in this field have been identified and are now under study. In addition, we are looking seriously at the oil field services sector with a view to entering this business, capitalizing on our chemical and engineering technology.

A capital investment program of about $13 million to finance expansion of our mining equipment subsidiary, Jarvis Clark Company Limited of North Bay, Ontario, is underway. This company has strong growth potential based on exports which currently account for 50% of its equipment sales.

Other capital projects include the extension of C·I·L's system in North America for the distribution of sulphuric acid made by C·I·L at Copper Cliff and acid produced by metallurgical smelters.

Construction of the Company's Ontario regional office in Toronto is now underway with initial occupancy slated for the fall of 1981. It will provide more efficient accommodation for administrative and support staff now working out of several Toronto locations.

Completion of new laboratory facilities at the Sheridan Park Research Centre at Mississauga, Ontario is also scheduled for the fall of 1981. This $5 million project includes a sulphuric acid pilot plant and testing facilities for Chemetics International Ltd., C·I·L's wholly-owned subsidiary involved in the worldwide sale of technology and engineering services.

Financing growth

In December, 1979, C·I·L's 50% interest in Canadian Freehold Properties Ltd., along with the interests of the other shareholders, was sold to Marathon Realty Company Limited. This planned realization of the substantial equity built up through the success of this property development company since its formation in 1971, provided financial resources at a time when the cost of capital to finance growth is at record high levels.

Although no long term borrowing is expected to be needed to finance our current expansion program, the company's relatively conservative capital structure and improving outlook provide ample borrowing capacity to enable us to take advantage of attractive opportunities for further growth.

Outlook

We are optimistic about our prospects for 1980 despite the uncertain business climate created by political and socio-economic developments in Canada and elsewhere. Our added capacity permits a steady growth in sales volumes; and while profit margins may not improve as much as in 1979, we have no doubt that 1980 will be another successful year for the Company.

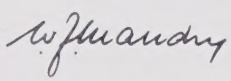
During the last five years the Company has invested more than $350 million in modernizing and expanding facilities; and in 1980 we will augment that figure by about $80 million. Our continuing program of expansion in selected business areas is establishing a strong base for growth in earnings.

Canadian Unity

Canada's cultural diversity, together with the rich and varied nature of its natural resources, represents the nation's basic source of strength and vitality. But the strong regional identities to which these factors also give rise place a continuing stress on the political and economic fabric of the country, the most immediate example being the coming referendum on "sovereignty association" in the Province of Quebec.

C·I·L has deep and historic roots in every region of Canada, especially Quebec, and as a company shares an interest in the nation's continuing integrity as a united political and economic unit. We consider that separation, under whatever name, of any province from the rest of Canada would seriously impair the future well-being, in the broadest sense, of all Canadians and of this Company. We are confident that solutions can be found within the constitutional concept of a united Canada which will satisfy the social, cultural and material aspirations of all its citizens.

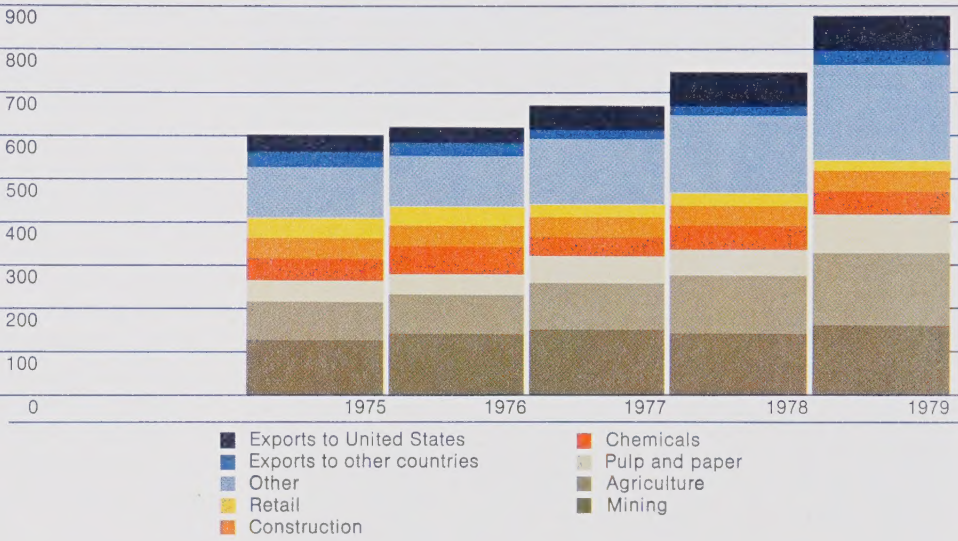
On behalf of the Board of Directors,



W.J. Mandry
President and Chief Executive Officer
Montreal, Quebec, March 24, 1980

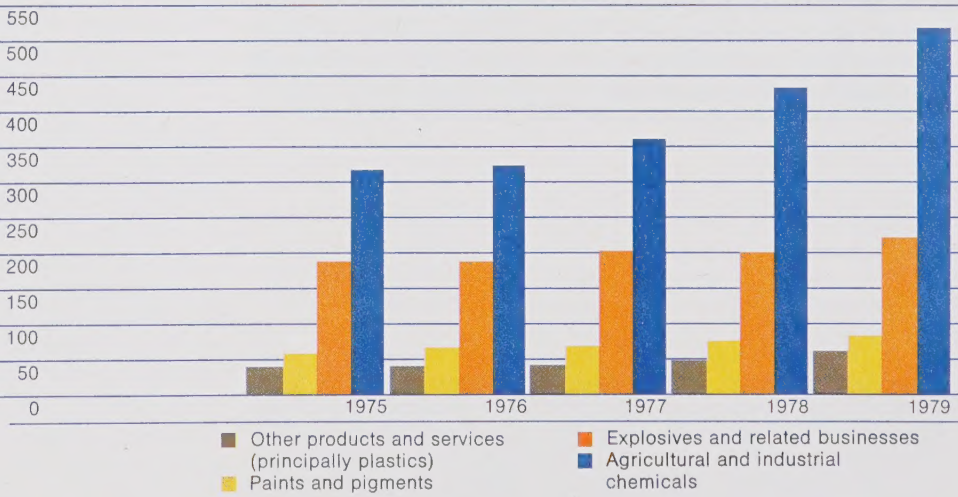
Sales by industry

(Millions of dollars)

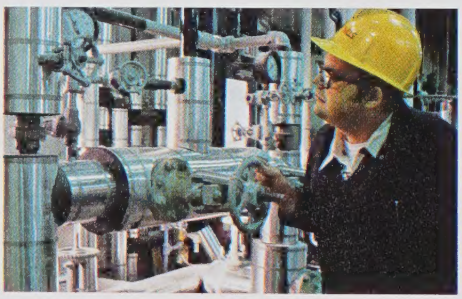


Sales by business area

(Millions of dollars)



Exterior and interior views of C·I·L's newly-expanded urea plant near Sarnia, Ontario and urea storage area.



Agricultural and Industrial Chemicals

Agricultural chemicals

An upswing in the North American market for fertilizers made 1979 a busy and successful year for C·I·L's agricultural chemicals division. The stronger market supported price increases to cover continuing rises in raw material costs, and enabled the division to improve substantially its rate of profitability over the three previous years. Sales were up about 20% from the preceding year.

An $18 million expansion doubling urea capacity to 160,000 tonnes was brought on stream successfully at the Company's fertilizers manufacturing complex near Sarnia, Ontario, within budget and approximately two months ahead of schedule. The new facilities include a granulation plant with a capacity of 130,000 tonnes per year. They will help supply a growing demand for urea in preference to other forms of nitrogen.

A new $1 million facility for production and distribution of lawn and garden products was completed at Laval, Quebec, and is now in full operation. Not only will the Province of Quebec be supplied from this location but the Maritime provinces and Eastern Ontario as well.

Demand is increasing for this range of products which are formulated with sulphur coated urea, a slow release form of nitrogen. The Company is developing new export sales of these products, particularly in the southern United States, where they are used on golf greens and other commercial turfs.

The division's system for marketing and distributing fertilizers through C·I·L 'Agromart' farm service centres includes more than 55 outlets in Eastern Canada. Launched in 1968, this major marketing project has continued to prove its worth to the Company providing facilities to take full advantage of peaks in business activity as they occur. At year end, two new joint venture centres were under construction in Ontario with completion expected prior to the 1980 fertilizers season.

C.H. Hantho

C.H. Hantho

C.H. (Chuck) Hantho, vice president and director, is also chairman of Chipman Inc. and Cornwall Chemicals Limited and a director of CXA Ltd.

During 1979 his primary concern was the Company's business in agricultural and industrial chemicals, and in explosives; also the activities of the personnel services group. In addition he carried overall responsibility for the Company's external relations and new business developments in Western Canada.

He joined C·I·L's plastics division as technical assistant in 1953 and moved up over the years to become general manager in 1968. In 1971 he was made a vice president and in 1973, a director.

For two years he was on secondment as deputy chairman of ICI's petrochemicals division, returning to C·I·L in 1978 as vice president and director.

With the market for fertilizers continuing to grow and price levels holding firm, Division Manager Bruce Winter predicts 1980 will be another excellent year. However, the rapidly rising cost of natural gas, the raw material for production of ammonia, remains a continuing concern.

The possibility of future expansion in ammonia capacity to ensure the Company's ability to supply its share of this growing market, is being studied, says Vice President Chuck Hantho. "A key consideration will be the forward view of natural gas pricing in Canada compared to gas pricing on the U.S. Gulf Coast."

Chipman Inc.

Chipman Inc., a wholly-owned subsidiary, had another excellent year in 1979, continuing its growth in sales and earnings and maintaining its position as Canada's largest formulator and distributor of crop protection products. The sales improvement was general across Canada, with sales in Quebec and the Maritimes well above expectations. Sales in Western Canada, although significantly improved over 1978, were affected by wet and late spring conditions.

A new $1.2 million herbicide plant at Stoney Creek, Ontario was completed and brought on stream early in 1979 and a $750,000 insecticide warehouse expansion was built during the year.

Chipman has led in Canada in the introduction of a wide variety of pesticides over the years, benefitting the agricultural industry. In 1979, an expanded field trials technical program was carried out by the company.

Higher sales and earnings are forecast for 1980 by Chipman's president, Jack King, with particularly higher sales expected in Western Canada where more of the company's resources are being directed.

Field testing plots at the rear of Chipman's plant at Stoney Creek. Expansions to manufacturing and warehouse facilities were completed in 1979.

Loading of the first shipment of sulphuric acid by water at Spragge, Ontario, bound for Cleveland, Ohio.

Industrial chemicals

C·I·L's industrial chemicals division improved its performance in both sales and earnings in 1979.

In its major business sector, chloralkali products, the main event in 1979 was the successful start up of the large expansion of C·I·L's diaphragm-cell plant at Bécancour, Quebec. The expansion went on stream smoothly, ahead of schedule and well within budget. The new facilities are designed for maximum energy efficiency, a particularly important factor as the manufacturing process requires a large quantity of electricity.

The expansion strengthens C·I·L's position as a supplier of chloralkali products to markets in both Eastern Canada and the northeastern United States. Demand increased somewhat more than expected in 1979, although this industry in North America is still operating at less than capacity. Supply and demand in C·I·L's market area are expected to come into balance in the next three to four years. This forecast is based on improved prospects for the pulp and paper industry together with the probability of a reduction in output from older mercury-cell chloralkali operations in North America.

A prolonged strike at Inco Limited shutting off feedstock supplies to C·I·L's manufacturing plant at Copper Cliff, followed by a strike at the Company's own plant, interrupted production of sulphuric acid at that location from September 1978 to the end of August 1979. Customers were kept supplied with sulphuric acid purchased by C·I·L from other producers, resulting in higher costs to both the Company and its customers.

As Canada's principal supplier of sulphuric acid, C·I·L regularly markets acid purchased on long term contracts from other producers. However, due to reduced amounts being available from these regular sources and the reduction in the Company's output at Copper Cliff, there was a decrease in the volume of sulphuric acid sold by the Company in 1979. Sales volume for liquid sulphur dioxide was also adversely affected.

Production of sulphuric acid is now back to normal levels, and, with demand continuing strong, the division is expanding its system for supplying this chemical to the North American market. A much better year in 1980 is forecast for this business sector by Division Manager Vance Ward.

A.T.G. Rodgers

A.T.G. (Tony) Rodgers joined C·I·L on secondment from ICI in 1978 as vice president. General chemicals and paints were his primary concern in 1979 along with functional responsibility for marketing and purchasing.

While with ICI, he gained extensive experience in international marketing. He was seconded to ICI (France) in 1963 and returned to ICI's then dyestuffs division in 1965 with responsibility for export sales in various European and African markets.

Later he held senior managerial positions related to export marketing and to corporate planning. Just prior to joining C·I·L he was a director of the Organics division of ICI responsible for dye-stuffs marketing.

Construction of new laboratory facilities is now underway at Sheridan Park Research Centre at Mississauga, Ontario where future research and developments in chemicals and process engineering will be carried out. Completion is scheduled for 1981 at an estimated cost of $5 million. In laboratories at McMasterville, Quebec, where chemicals research is currently done, research and product development in explosives will be carried out.

Inland Chemicals Ltd., a wholly-owned subsidiary with plants at Fort Saskatchewan, Alberta, and Prince George, B.C., produces sulphuric acid and aluminum sulphate. The company had an excellent year in 1979, surpassing expectations in both sales and earnings.

General chemicals

C·I·L's general chemicals division packages and markets products manufactured by the Company and resells chemicals made by C·I·L's majority shareholder, Imperial Chemical Industries Limited (ICI) of the United Kingdom, and by other producers. It also manufactures selected products such as ore treatment chemicals.

This specialty business in low-volume quantities of chemicals continued to grow and expand in 1979, further enhancing its record for consistently good performance. The greatest gains were made in sales of urethane products and in sales of resale products; however, sales of packaged and manufactured products also exceeded those of 1978, despite strikes at some major mining customer locations.

A new plant to package ammonia and chlorine is under construction at Fort Saskatchewan, Alberta, and is about ready to go on stream. The new plant will enable the division to give safe, reliable, improved service to customers in Saskatchewan and Alberta, where demand for packaged chlorine is growing at a faster rate than anywhere else in Canada.

The new operations will enlarge the division's distribution network for compressed gases, which includes a packaging plant at Cornwall, Ontario, one at Vancouver, and distribution facilities in major centres from coast to coast.

"One of the major strengths of the general chemicals division is its wide portfolio of products and the large variety of industries it supplies through its coast to coast distribution network," says Aud Harlow, division manager.

"Its broad market base provides greater stability during periods of surplus in individual products and gives some flexibility under depressed business conditions."

The division will emphasize further diversification of product lines in 1980 and will be looking actively for growth opportunities to maximize returns from its investment in facilities and in its marketing and distribution organization.

C·I·L Chemicals, Inc.

C·I·L Chemicals, Inc. is a wholly-owned subsidiary, formed five years ago to market and distribute C·I·L products in the United States. Its main businesses were, and still are, sulphuric acid and chloralkali products. Since its formation it has grown steadily, marketing other specialized products and services related to C·I·L's businesses.

The company now has 60 employees working out of offices and distribution depots in five important business centres. It operates sulphuric acid terminals at Cleveland, a terminal and principal office at River Rouge, near Detroit, and a chloralkali office at Westport, Connecticut. The company also operates a commercial explosives magazine at Plattsburgh, N.Y.

C·I·L Chemicals, Inc. made strong gains in sales of sulphuric acid in the last quarter of 1979, particularly in Michigan and Ohio, and it is developing new business in Chicago. Demand for lawn and garden products is increasing in the southern states for golf greens and a representative is now located in Tennessee. Progress was also made in developing

the U.S. market for C·I·L's patented valved polyethylene shipping sacks and for nursery and greenhouse film. The company expects 1980 to be another year of growth in most of its businesses despite the current slow growth of the U.S. economy.

Alchem Inc.
Sales and earnings of Alchem Inc. of Burlington, Ontario, a subsidiary owned 51% by C·I·L, grew significantly in 1979 in all business areas. A producer and distributor of chemicals for specialized applications, this company saw strong growth in sales across Canada, particularly in chemicals for petroleum refining, mining, pulp and paper and waste treatment.

Bob Simmons, president, expects sales to continue to grow through 1980, although continuing high increases in raw material costs are a concern.

The company expanded warehousing capacity as well as some manufacturing facilities in 1979 and it will expand manufacturing facilities further in 1980 to support the expected increase in sales volumes.

Canadian Hanson Limited
All business areas contributed to higher sales and earnings in 1979 for Canadian Hanson Limited, a subsidiary owned 85% by C·I·L. The principal business of this company is the supply of products and equipment to the industrial metal finishing industry. Two other areas are the manufacturing and distribution of rigid urethane foam insulation board and the sale of supplies to the foundry industry.

"In 1979 Canadian secondary manufacturers enjoyed record levels of activity buoyed by the devalued Canadian dollar," says André Séguin, executive vice president of Hanson. "This situation worked in our favor. However, some weakness is showing up in the Canadian automotive sector due to lagging sales in the United States; also, the construction industry, another major customer, is at a low level. Otherwise the outlook for 1980 is favorable."

Cornwall Chemicals Limited
Cornwall Chemicals Limited, a chemicals manufacturing company owned 50% by C·I·L, had another good year in 1979 with sales and earnings for all product segments except carbon tetrachloride exceeding those of 1978. Demand for sodium hydrosulphide was particularly strong.

Associated with C·I·L since 1941, this company is managed and operated by C·I·L. Head office is in Toronto with main manufacturing facilities at Cornwall, Ontario. Bob Reid, president of Cornwall Chemicals, says its outlook for 1980 is favorable with continuing growth in most segments.

Chemetics International Ltd.
Chemetics International Ltd. is a wholly-owned subsidiary with world-wide sales of chemical process technology in the form of fully engineered systems.

In 1979, Chemetics had contracts in 19 countries. Major projects totalling $37 million were completed during the year and the company began 1980 with unfilled orders of $24 million. Important new contracts were signed in 1979 with companies in Scotland, and in the United States.

During the year Chemetics acquired 43% of Fromson Heat Transfer Limited of Toronto, the sole fabricator of its sulphuric acid heat exchangers. The exchangers were originally developed by C·I·L and have been marketed around the world since 1970 by the acid technology division of Chemetics. They are installed in more than 150 plants in 20 countries. In 1979, new orders were obtained in eight countries. Jim Murdock, president of Chemetics, says the Fromson acquisition is a logical development to increase returns from this business sector.

Chemetics became the sole owner of MoDo-Chemetics Ltd. in 1979. This company, based at Chemetics head office in Vancouver, markets process technology to the pulp and paper industry. It was previously a joint venture between Chemetics and Mo och Domsjo AB, one of Sweden's largest forest products companies. MoDo-Chemetics Ltd. will continue to market MoDo technology under license.

Explosives and related businesses

Explosives

The Company's explosives division gained new business in 1979, in both domestic and export markets, increasing its export sales by more than 30% over 1978 while taking advantage of new activity in mining to further develop sales in Canada.

Exports accounted for about 18% of the division's total sales and included shipments of ammonium nitrate from the Company's plant at Carseland, Alberta, to the Philippines and South America.

Overall, sales revenue was significantly higher than in the preceding year and profitability was much improved despite some negative factors. With fewer strikes in the mining industry sales were higher in this market in 1979; however, no gains were made in sales to the construction industry which was at a low level of activity. While the mining industry is the division's major customer, construction is also important.

A trend in the market toward bulk versus packaged explosives, and the greater percentage of export sales, which are less profitable, also worked against profitability improvement. Nevertheless, the division was able to make substantial improvement overall by tightening down considerably on internal costs, by improving production efficiencies and by developing more aggressive pricing strategies. Also, changes were made in the structure of the organization to focus management attention more directly on the profitability of individual segments of the business.

The division made substantial progress towards rationalizing production sites and product range which, combined with a healthier market environment, has significantly improved the prospects of the business. The division's manufacturing plants and magazines are well located to supply both domestic and offshore markets from coast to coast. In addition, more than 20 explosives blending plants supply major Canadian customers on their own sites.

Pipeline welding using explosives is a new development described on page 19.

Division Manager Jim Spence expects growth in sales of bulk explosives in Western Canada with new mines planned to open over the next few years.

Two wholly-owned subsidiaries also distribute C·I·L explosives in Canada: Continental Explosives Limited of B.C. and Explosives Sales (1970) Limited of Quebec.

CXA Ltd.
A complete range of blasting accessories are made by a 70%-owned subsidiary, CXA Ltd., and sold through C·I·L's explosives division and through other explosives suppliers in Canada. Sales of this company, located at Brownsburg, Quebec, were increased substantially in 1979.

Jarvis Clark Company Limited
Jarvis Clark Company Limited, a wholly-owned subsidiary of C·I·L, continued its successful expansion into international markets in 1979. Total sales were up substantially over those of 1978 with exports accounting for 50% of sales of equipment.

A leading Canadian supplier of mobile underground equipment for mining and construction, this company operated its manufacturing plant at North Bay, Ontario at full capacity in 1979, while building an expansion to increase production capacity by 50%. The new facilities are scheduled to start up early in 1980.

In addition, a parts supplier, Garco Machining Service Limited, was acquired by Jarvis Clark in 1979. This new subsidiary manufactures hydraulic cylinders.

Rick Gray, president of Jarvis Clark, says, "We have a strong Canadian base from which we can continue to expand and establish, over the long term, a world-wide business in mining equipment. However, the domestic market is still our prime concern."

The company has operations in Ireland, Mexico, Africa, and Peru, while representatives are located in Norway, France, Brazil, Chile and other South American and Latin American countries. An associated company, Jarvis Clark Inc., operates from its headquarters in Denver, Colorado.

The outlook for 1980 continues to be promising with sales and earnings expected to set new records.

West African Explosives and Chemicals Ltd.
Sales volumes in 1979 for West African Explosives and Chemicals Ltd. of Liberia were up significantly from 1978. However, sales dollars and earnings remained near the same level because of large increases in raw material costs and a change in demand to a lower priced product.

About 15% of this company's sales are export sales made to mines in Ivory Coast, Sierra Leone, Niger, Guinea and other neighboring countries. As in Canada, there is currently a low rate of growth in the mining industry but potential for faster growth two to five years ahead.

In 1979 this subsidiary obtained a Concession Agreement with the Government of Guinea to form a company jointly with that government to establish explosives manufacturing facilities there. This project is expected to come to fruition in 1980.

André Boily, president of the company, says the iron ore mining industry in Liberia continues to be the company's principal market and considerable upgrading of explosives manufacturing facilities was done in 1979 to serve this market better. Improvement in operating efficiencies have resulted, which should affect earnings favorably in 1980.

D.I.W. Braide
David I.W. Braide, vice president and director, is also chairman of Canadian Hanson Limited and CXA Ltd., and a director of Chipman Inc. and Alchem Inc. During 1979 his particular attention was given to the plastics business, Région du Québec and the corporate planning office. He also had special responsibility for government relations and for relations with the government and the business communities of the Atlantic provinces.

He joined C·I·L in 1949 as an economist, later filled various management positions and was appointed a vice president in 1968. In 1971 he became a vice president of ICI North America Limited, returning to C·I·L as vice president in 1972. He was elected a director in 1978.

During 1979 Mr. Braide was also chairman of the Canadian Chamber of Commerce and a director of the Society of Plastics Industry.

Paints and pigments

Paints
C·I·L's paints business improved steadily in 1979 despite continuing difficult conditions in the industry generally.

"A low rate of growth in the market, rapidly rising costs for raw materials, and stiff competition made the year one of great challenge to us," says Maurice Bradley, president of C·I·L Paints Inc. "But we are encouraged by what we achieved.

"Sales were higher in most of our markets, with total sales well up over 1978. Demand for automotive finishes was reduced when Canadian automotive plants cut back on production as a result of lagging auto sales."

The company continues to strengthen and improve its product range and service to the consumer, exemplified by the release of the new House Guard exterior acrylic and Floor Guard polyurethane paints. Also, the Mark VI Decorating System was introduced in 1979 to offer the public a much improved color range.

Formerly a division of the Company, this business was set up as a wholly-owned subsidiary under the name C·I·L Paints Inc., on January 1, 1980. Tony Rodgers, C·I·L vice president, says the change has created an environment in which this business unit can compete more aggressively, identify and meet the needs of the customer more effectively and bring about further improvement in overall performance.

The subsidiary begins the new decade with a coast-to-coast network of sales outlets, modern manufacturing facilities, a product range for all customers from home consumers to major industries, and a wealth of 60 years' experience in the business.

Other products and services

Plastics
C·I·L Vice President David Braide says that Canada's advantageous position with respect to petrochemical feedstocks, together with the decrease in the value of the Canadian dollar, were key factors in creating a strong export market for plastics in 1979. This also created more favorable conditions in the home market, benefiting C·I·L's business in polyethylene resins and films.

Overall sales in 1979 were up 34% from the preceding year and significant improvement in profitability was made possible through price increases. These were supported by stronger markets which enabled the Company to recoup the continued raw material cost increases experienced since 1975.

Hugh Rowlinson, plastics division manager, says external sales were limited by the capacity of the polyethylene plant at Edmonton, which ran full out in 1979; and substantial quantities of resin were purchased for use in the Company's own films operations. A $55 million expansion now under construction will double the Company's low density polyethylene capacity as well as improve downstream production facilities at Edmonton and research facilities at the Plastics Technical Centre at Brampton, Ontario. Ethylene feedstock for the expanded polyethylene production, expected to be on stream late in 1981, will be obtained from Alberta Gas Ethylene Limited's plant at Red Deer.

There was substantial growth in 1979 in sales volumes of polyethylene films and packaging products, which are produced at both Brampton and Edmonton plants. The gains were due largely to increased penetration of the U.S. market for greenhouse and nursery films and for industrial shipping sacks. 'Milpac', the Company's patented polyethylene valved shipping sack, has gained wide acceptance in Canada and the United States and is now manufactured under licence in Brazil, Denmark, Belgium and Australia.

A new $3 million manufacturing facility to increase production of 'Milpac' is scheduled to be on stream about mid-1980 at C·I·L's Brampton Works.

P.R. Day

P.R. (Toby) Day, vice president, is also chairman of Chemetics International Ltd., Jarvis Clark Company Limited, and Alchem Inc., and a director of Tricil Limited and Eco-Research Ltd.

In 1979 he was responsible for the engineering department, safety programs and for relations with the Government of Ontario and the business community of that province. He also had functional responsibility for research, technical and production activities.

He joined C·I·L's paints division in 1951 and later filled senior management positions in research and in planning. In 1967 he was appointed a vice president of ICI America Inc., returning to C·I·L in 1973 as manager of the industrial chemicals division. He was appointed a vice president of C·I·L in 1976.

Environmental improvement business area

C·I·L's environmental improvement business area (EIBA) specializes in the design and operation of equipment and systems for liquid and solid waste management, including treatment, disposal and value recovery. These services are supplied mainly by two companies: a wholly-owned subsidiary, Eco-Research Ltd., based at Pointe Claire, Quebec and a joint venture, Tricil Limited of Mississauga, Ontario. Sales from this business area were increased in 1979 over the preceding year.

C·I·L Vice President Toby Day says the EIBA companies serve a high potential market in both Canada and the United States. Progress is being made towards becoming recognized in the marketplace, supported by continuing technological improvement.

During 1979 Eco-Research Ltd. completed construction of three Deep Shaft waste treatment plants and a fourth is under construction. The performance of a demonstration plant sponsored by the U.S. Environmental Protection Agency, which was built by the Eco division of C·I·L Chemicals, Inc. at the City of Ithaca, N.Y., exceeded expectations. Gordon Ross, manager of EIBA, says that potential customers who saw this plant were impressed by its operation and he foresees increased response in the marketplace for this system.

"We made substantial progress in 1979 in establishing and strengthening customer contacts as well as in improving the design of the Deep Shaft plant for greater efficiency and economy of operation," he says. "We'll see significant results from what we did in 1979 over the next two years."

Because of the general concern about energy sources and resource recovery, an experimental program to recover fuel by gasification of wastes from the forest products industries and other sources continued to receive emphasis in 1979. This system is being evaluated.

Tricil Limited increased sales and earnings in 1979 over the preceding year. This waste management and disposal company now has operations in 10 Canadian cities and in the State of New York.

During 1979, Tricil acquired Gloucester Disposal Service, a firm that supplies containerized waste services to the manufacturing and construction industries in the Ottawa region. The purchase gives Tricil greater capacity and flexibility in serving customers in that area.

In addition the company completed capital projects in excess of $1 million to upgrade the liquid industrial chemical by-product disposal system at its Sarnia, Ontario, plant.

Under a contract signed in 1978, Tricil has designed and now manages a totally-integrated system for the collection, processing, energy recovery and disposal of waste, for the Regional Municipality of Hamilton-Wentworth. In 1979, construction was begun on three waste transfer stations, which are key components. Largest of its kind in North America, the system itself and Tricil's progress towards putting it into full operation have received much favorable comment.

Dick Day, president of Tricil, says, "1979 was an outstanding year for Tricil. We're looking forward to building on the base we have now, with expansion of waste-to-energy facilities in both Canada and the United States."

Canadian Freehold Properties Ltd.

C·I·L's 50% interest in Canadian Freehold Properties Ltd. was sold in December 1979 to Marathon Realty Company Limited to provide funds to finance growth in the Company's mainline chemical businesses. This property development company had been set up by C·I·L under the name CIL Properties Limited in 1971 to maximize the realization on the Company's surplus real estate and provide a growing resource for funds when required. Over the years, Freehold successfully built up assets exceeding $200 million, including commercial properties across Canada and in the United States.

Employees

The health and safety of employees continues to be given top priority. Throughout the Company the importance of safe working practices is constantly emphasized and in 1979, resources were strengthened to identify and eliminate potential health and safety hazards in the work environment, and to ensure the effective monitoring of the health of employees.

There were 0.5 disabling injuries or illnesses per 200,000 exposure hours in the year, a slight increase over the 0.45 in 1978. An in-depth review of procedures and practices has been initiated to help re-establish our trend towards our goal of eliminating all accidents. It is encouraging to note that the number of off-the-job disabling injuries incurred by employees fell by 23%. Overall, C·I·L's safety record compares well with that of the leaders in the North American chemical industry.

In the field of employee benefits, the Company is maintaining its position among leading Canadian employers. Major improvements in pension, life and health insurance arrangements were made in 1979. The response of employees and unions in the Company to these improvements and to the computerized individual benefits statements provided at mid-year was very positive.

The changes to the pension plan, effective April 1, included Company-subsidized pensions for the surviving spouses of employees, earlier vesting to recognize the greater mobility of individuals, significantly reduced service requirements for retirement eligibility, and improved pensions for longer-service employees. At the same time, pensions of most of those already retired from the Company were raised to help offset the impact of inflation, the fourth such increase since 1970.

The life insurance improvements which became effective September 1, included an increase in Company-paid coverage, revised employee contribution rates and more flexibility for long-service employees to elect coverages to suit their individual requirements. Effective October 1, a new comprehensive dental plan was introduced for employees and the dental plan for pensioners was improved.

Of the 36 collective agreements between 13 international and national unions and the Company and its subsidiaries, 25 were scheduled for negotiation in 1979, including those carried over from 1978. Twelve settlements were reached during the year and 13 negotiations which began late in the year were carried over into 1980. All but one of the 12 settlements were achieved without work stoppages.

The number of regular employees in the Company and its subsidiaries at year end was 8,045.

Directors

During the year J.A. Lofthouse and E.J. Goett resigned from the Board and R. Haslam and R.I. Lindsell were appointed to fill the vacancies.

Mr. Lofthouse, who is retiring from Imperial Chemical Industries Limited this year, joined the Board in 1977. Previously he had had a long association with the Company through his various responsibilities in ICI, particularly in the international aspects of the explosives business. Mr. Goett, who had been a director since 1972, brought to the Board a perspective of the United States chemical industry and the United States business scene.

Alistair M. Campbell, who was first elected a director in 1967, will not be standing for re-election to the Board at the Annual Meeting in April 1980. His wise counsel and broad knowledge of financial affairs and the Canadian business scene generally, have been sources of great strength to the Company. He has been held in the highest regard by his colleagues on the Board both as a fellow director and as an individual.

Growth in exports

Heavy duty underground mining equipment being shipped overseas from North Bay, Ontario.

For many years the Canadian chemical industry, having a small scattered market and high distribution costs, was not cost competitive on an international basis. However, over the past decade growing markets and a comparatively strong energy position changed this situation for Canadian producers. Construction of world scale plants began, and Canadian chemicals manufacturers are now competing with external producers in both domestic and export markets.

C·I·L played a leading role in this development, building a world scale plant for the production of ammonia as early as 1967. Later the Company built others for the production of ammonium nitrate and for chlorine and caustic soda. With the capacity to produce large quantities, stronger emphasis was placed on developing expertise in international marketing. The result has been a significant growth in export sales, which were $116 million in 1979.

Over the past three years, while total sales of C·I·L and its subsidiaries grew at an average rate of 13%, export sales advanced much faster at the average rate of 21%. C·I·L sales to the United States only, in that same period, grew at an average rate of 24%. A substantial portion of these sales was made to C·I·L Chemicals, Inc., a wholly-owned subsidiary which markets C·I·L products and services in the United States.

Some of C·I·L's international business today results from opportunities created by such factors as the drop in the value of the Canadian dollar, changes in tariffs, and temporary product surpluses. However, a long term objective for the Company and its subsidiaries is to become established as a leading Canadian exporter of significant strength and position in the market.

Efforts to reach this objective are supported by growth in exports by C·I·L subsidiaries involved in highly specialized products and services. Chemetics International Ltd., based in Vancouver, sells chemical process technology in the form of chemical plants around the world. In 1979 it had contracts in 19 countries. Its sulphuric acid heat exchangers are now installed in 150 plants in 20 countries. The company has gained world-wide recognition in this field.

Polyethylene greenhouse and nursery film is being sold in the United States.

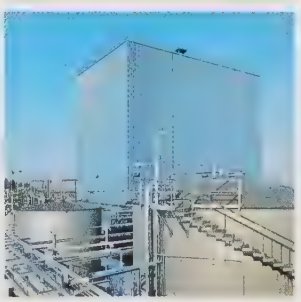
Jarvis Clark Company Limited, another wholly-owned subsidiary based at North Bay, Ontario, is becoming known in the world mining industry for its underground trackless mining equipment. This company, which has a strong Canadian base, supplies about 80% of the home market and is selling its products in Europe, in South America, in Africa, India and countries in the Middle East. Canada's excellent reputation for advanced mining methods and technology is an asset in selling Canadian equipment in these countries.

Another specialized C·I·L business, with high potential for export sales, is the design and operation of equipment and systems for liquid and solid waste management, including treatment, disposal and value recovery. Deep Shaft waste treatment technology, in particular, being supplied by Eco-Research Ltd., another wholly-owned subsidiary, is expected to attract attention in export markets. A demonstration plant was completed and operated successfully by the Eco division of C·I·L Chemicals, Inc. at Ithaca, N.Y., in 1979.

Among off-shore sales of C·I·L chemicals in 1979 were ammonium nitrate to the Philippines and Argentina, chlorine to Cuba, and chlorinated solvents to Pakistan and Japan. During the year marketing contacts were established and strengthened, and prospects for future growth in international markets are good.

In addition to its own substantial direct export sales, C·I·L, as a major supplier to Canada's export-oriented industries, plays an important though invisible role in the export of products from mining, pulp and paper, automotive and many other industries. All of these export sales contribute positively to Canada's foreign trade position at a time when the country's net foreign indebtedness is increasing. Their growth is important to C·I·L's future and to that of all Canadians.

Sulphuric acid concentrator designed and built on a turnkey basis for the United States Army at Desoto, Kansas.



Ontario regional office

Construction has begun on a new Ontario regional office building for C·I·L Inc. in the City of North York's core area in Metropolitan Toronto. Cost of construction is estimated at $20 million.

The C·I·L project, with 260,000 square feet of net floor space, will enable the Company to bring together employees now scattered over three sites in the area. C·I·L has now about 600 administrative and support staff in the Toronto area and expects this number to grow with continuing development of Ontario operations. Initial occupancy is planned for late 1981.

C·I·L will build a seven-storey pyramidal structure on one-third of its 6.1 acre site, reserving the north-east corner for possible future expansion. The south-west quarter of the site will be landscaped open space.

Faced with metal and glass, the new building will have a large landscaped atrium to provide light and aesthetic surroundings for its interior offices.

Energy supply and pricing

In 1979 the Canadian Chemical Producers' Association, representing 66 companies engaged in the production of industrial chemicals, made the following observations and recommendations to the Minister of Energy Mines and Resources:

a) Canada should take an aggressive, growth-oriented approach to the use of its relatively strong energy supply position to develop internationally competitive, high value-added secondary manufacturing industries in Canada. Particular attention should be given to the provision of a stable economic environment in order to facilitate long-term investment decisions.

b) In order to minimize investment uncertainties created by major reliance on imported energy sources, Canada should pursue aggressively its goal of self-sufficiency, through the use of both price and non-price mechanisms. Self-sufficiency should be encouraged by promoting:

(i) flexibility in the use of surplus energy sources, such as natural gas, in preference to imported energy, such as crude oil.

(ii) continuing efforts at energy conservation particularly with regards to manufacturing processes which optimize energy efficiency.

(iii) development of alternate sources of energy.

(iv) provision of sufficient revenues to oil and gas producers, within any price established, to ensure maximum effort towards exploration and development of conventional as well as alternate sources of energy.

c) Because of the high inter-relationship of manufacturing sectors it is not considered appropriate that certain of the sectors be given significant priority over others in the access to hydrocarbon materials. Nevertheless it should be recognized that petrochemicals represent significant advantages over alternate materials in terms of energy efficiency on the total life cycle of the products.

Energy conservation

Energy conservation has been successfully promoted and monitored in the chemical sector of Canadian industry through the Canadian Chemical Industry Task Force on Energy Conservation (CITFEC). This task force represents 66 firms in the Canadian Chemical Producers' Association, the Rubber Association of Canada and the Canadian Fertilizer Institute. Member companies account for about 95% of the energy used in the chemical sector of Canadian industry and about 15% of the total industrial energy used in Canada.

The CITFEC companies including C·I·L have already surpassed their original goal of 17% improvement in energy efficiency by 1980, and now expect to achieve 20%. In 1978 alone, savings amounted to 10.5 million barrels of oil with equivalent cost at current world crude oil prices of about $200 million. These savings, by way of example, would heat all of the homes in Metropolitan Toronto, a city of more than two million people, for one year.

Average energy costs are escalating at about 20% per year. In C·I·L cost of energy used in 1979 exceeded $60 million. About two-thirds of this sum was spent on energy used as fuel and on energy that is required for the production of chloralkali products. The Company is continuing to carry out a comprehensive program of energy conservation, including improvement in process efficiencies for recovering and recycling waste heat.

New development

A new process for pipeline welding involving the use of explosive charges has been developed by C·I·L, TransCanada Pipelines Limited and Steel Company of Canada Ltd. in a continuing five-year multi-million dollar research program. The Government of Canada has supported the research through the Department of Industry, Trade and Commerce and the Enterprise Development Board.

Called High Impact Welding, the new process uses ring explosive charges inside and outside the ends of the two lengths of pipe to be joined. Compared to conventional methods, high impact welding can be done with greatly reduced manpower and equipment requirements and this has the potential of reducing the cost of pipeline construction significantly. Safety has been given prime consideration in the development of the process.

The project has now reached the stage where welds of strength and quality at least equal to those made by conventional welding processes are being produced consistently under field conditions. Additional evaluation work is in hand, in preparation for carrying out a construction project. (See photos page 11.)

Because of this, the future growth of petrochemicals should not be arbitrarily inhibited by allocation of hydrocarbon materials solely on an historical basis, but should reflect the potential for increased market demand due to their energy efficient nature.

d) While it is accepted that the price mechanism should be an essential component of any strategy designed to achieve self sufficiency, the impact of energy price increases on the manufacturing sector in general, and the petrochemical industry in particular, should be given full recognition. This recognition should embody the following principles:

(i) it is critical that the Canadian government ensure that the costs of feedstocks and energy used by all Canadian industry not exceed the average cost in the U.S., with the Canadian price being measured as delivered in Toronto including all levies. Furthermore, because Canadian industry in general, and the Canadian petrochemical industry in particular, have a need to overcome a number of other competitive disadvantages vis-a-vis the U.S., and because there exists a need to encourage investment based on Canada's relatively strong energy supply position, the Canadian Chemical Producers' Association urges that the Canadian crude oil price be set at a level in the order of 90% of the average U.S. price.

(ii) price increases should be phased in such a manner that at no time will Canadian prices be higher than exist in the U.S. Furthermore, the rate of increase should be such as to permit the petrochemical industry and others to make an orderly transition and to minimize severe disruptions and dislocations which could have serious employment repercussions on both the chemical industry and its customer industries.

C·I·L's trail-a-tank system for supplying anhydrous ammonia is unique in Canada. The specially strengthened tanks are highly visible and, since they double as storage thus eliminating one phase of unloading, they represent safer handling of this important chemical.

Transportation of hazardous materials

Public awareness and concern over safety in the transportation of hazardous materials was greatly increased in 1979 by a derailment of tank cars and subsequent evacuation of 225,000 people in Mississauga, Ontario. C·I·L people were among the first on that scene to offer technical advice and assistance, due to the effectiveness of industry-wide programs set up to deal with such emergencies.

In Canada there are two programs, CHLOREP (Chlorine Emergency Plan) and TEAP (Transportation Emergency Assistance Plan) which are designed to ensure fast response to a chemical spill. CHLOREP was developed by The Chlorine Institute whose members include both Canadian and U.S. producers. The Canadian members are also members of the Canadian Chemical Producers' Association (CCPA). About 100 CHLOREP teams, representing 18 North American companies, have been assigned geographical areas of responsibility under this program and can be called upon to respond in a chlorine emergency, whether it involves their own chlorine or not.

TEAP was developed by the CCPA to provide immediate information and assistance in the event of a chemical emergency and consists of a network of regional centres at producing plants across Canada. The CCPA through TEAP is monitoring the development of a federal government emergency centre in Ottawa which will eventually take over from TEAP.

In the United States, in addition to CHLOREP, assistance in emergencies is provided by CHEMTREC (Chemical Transportation Emergency Centre) which like other plans operates around the clock. This plan is sponsored by the Chemical Manufacturers Association. A close and continuing relationship is maintained between CHEMTREC and the Department of Transportation.

In addition to assistance in the event of emergencies, member companies of these organizations are constantly working in co-operation with transportation companies to identify the best containers for transportation of materials such as chlorine. A 100% fail-safe container has not been developed. One which would resist breakage at the level of impact sustained by the chlorine tank car in the Mississauga derailment would be so heavy that it could not be hauled at a reasonable cost. An on-going research program in which the Chlorine Institute is a major participant is looking at all aspects of the transportation of hazardous materials, from employee training to transportation facilities.

C·I·L leases most of the 2,000 rail cars, trucks and vessels it uses to ship materials. It is the responsibility of the supplier of this equipment to ensure that it meets government specifications and is maintained in good running order. However, C·I·L does verify that all tank cars and tank trucks are in safe operating condition before they leave C·I·L sites.

C·I·L is responsible for the proper and safe loading of materials at its plant sites and with each shipment the Company provides the carrier with information describing the nature of the hazardous materials being shipped, also telephone numbers whereby emergency teams could be dispatched. Once materials have left a C·I·L site the Company ceases to have any direct responsibility for them. However, C·I·L does assist customers in developing proper handling procedures.

The Company is dedicated in its efforts to improve shipping methods and has proved to be innovative in the development of chlorinemobiles, the acid unit train system, intermediate bulk containers for polyethylene and caustic soda, and other forms of packaging.

Because of the hazardous nature of some of the chemicals it produces and ships, the Company is continually holding seminars on the handling of these materials, involving local organizations such as fire and police forces. In 1979, 47 of these meetings were held with a total attendance of about 1500 people, including some customers. One seminar was held at the Company's

Sketch of C·I·L's laboratory at Mississauga Ontario now under construction.

Cornwall, Ontario, plant when 210 Ontario fire chiefs were informed about production, distribution and emergency procedures regarding chlorine. The event was organized as part of the Ontario Fire Chiefs' Association's annual convention and was initiated by the City of Cornwall's fire chief, Lou Carriere.

Most of the hazardous materials being shipped by chemicals manufacturers today are absolutely essential in many major industries, e.g. sulphuric acid, widely used in making fertilizers and many other products, commercial explosives used in mining and construction, and chlorine used in water treatment. These materials and many other related products contribute inestimably to our standard of living and efforts to find improved safe methods of transporting them at reasonable cost will continue.

Research and development

In 1979 C·I·L spent a total of $13 million on research and development, including technical services support.

The Company's research activities are carried out by its various business sectors in laboratories usually maintained close to related manufacturing operations. Thus organized, each business unit is encouraged towards greater concentration of effort in its own line of business while at the same time looking for logical extensions of that business through research.

In 1979 C·I·L began construction of a $5 million, 44,000-square-foot laboratory at the Sheridan Park Research Centre at Mississauga, Ontario. About 65 people will carry out research in chemicals and process engineering at this new location, which will bring chemicals research activities closer to chemicals operating units. Included in the new facilities will be a sulphuric acid pilot plant and testing facilities for Chemetics International Ltd., a wholly-owned subsidiary involved in the development and sale of technology and engineering services throughout the world.

Until the new laboratory is completed in 1981, chemicals research will continue to be conducted at McMasterville, Quebec, where research in explosives and related products is, and will be, carried out. The Company's largest explosives manufacturing plant is at this location. Research in plastics and in paints is carried out in laboratories at Brampton and Toronto, respectively, where operating units for these businesses are located.

C·I·L grants for research

Many educators and businessmen complain that there are not enough bridges between universities and industry. C·I·L is doing something about this. In Canadian universities across the country, teams of graduate students under the supervision of a member of the faculty are working on some 15 specific individual research projects made possible by grants from C·I·L. The research teams work largely in their universities, but have ample opportunity to meet and work with C·I·L managers and technicians on real scientific, accounting or management problems. C·I·L spends about $85,000 a year on these projects, which turn over at the rate of about five a year.

Region du Québec

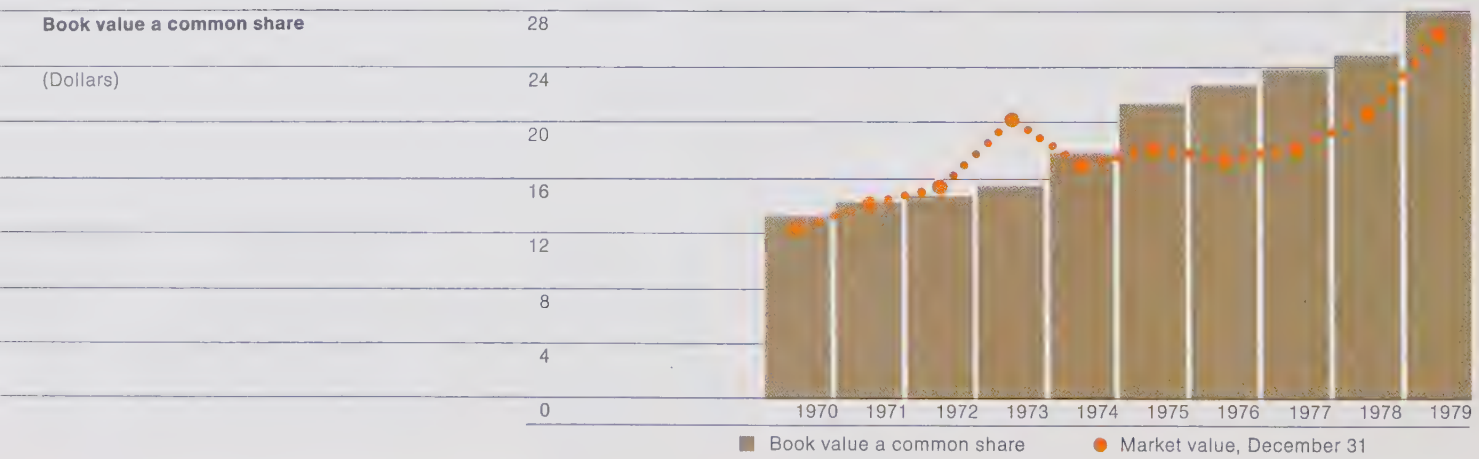
In 1978 C·I·L set up a new organizational unit at the senior management level to take responsibility for C·I·L plants, warehouses, sales and marketing activities in the Province of Quebec. C·I·L Région du Québec has developed according to plan and is taking an increasingly active role in the management of the Company's activities in the province. The francization process of Quebec operations is progressing along the lines of the linguistic policy established by the Company in June 1976.

Financial overview

Sales and earnings

Sales of C·I·L and its subsidiaries reached $879,968,000 in 1979, an increase of $133,111,000 or 18% over 1978. Consolidated net income before extraordinary items was $36,309,000 or 37% above 1978, equivalent to $3.11 a common share compared to $2.28 in 1978. The extraordinary net income of $11,977,000 represented the gain on the sale of the 50% interest in Canadian Freehold Properties Ltd., after deducting an extraordinary write-off of unrelated goodwill and obsolete fixed assets. The quarterly dividend on common shares was increased in the fourth quarter from $0.32 to $0.36 a share, producing a total dividend for the year 1979 of $1.32 compared to $1.28 in 1978.

Virtually all businesses benefitted from improved sales, with the largest gains being recorded in agricultural chemicals, industrial chemicals, explosives, plastics and mining equipment. Exports to the United States, our fastest growing external market, accounted for 9% of sales in 1979, while shipments to some 30 other countries brought the export total to 13% of sales.



Income from operations at $74,938,000 improved by $23,068,000 or 44% over 1978. This improvement was achieved in the face of higher costs of raw materials, particularly natural gas, and despite the fact that a large volume of industrial chemicals sales was in sulphur products purchased at higher than our manufacturing cost to replace production lost during the strikes at Copper Cliff earlier in the year.

D.M. Coyle

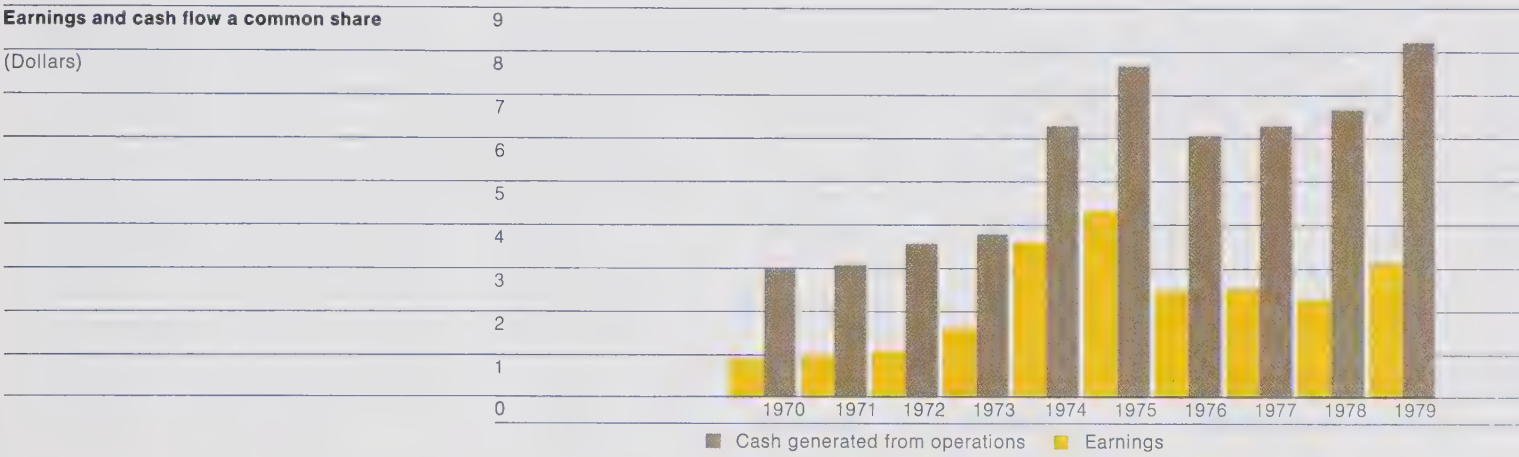
David M. Coyle, vice president and director, joined the company as an acountant in 1946. He has held various management positions related to finance, personnel and management services. From 1966 to 1969 he was on loan to ICI (India) as finance director. On his return he was made a vice president of C·I·L and in 1975 a director.

During 1979 his responsibilities included five departments: accounting, treasurer's, systems and management information, distribution, and advertising and public relations; and he was chairman of Canadian Freehold Properties Ltd.

Mr. Coyle is also a director of J.P. Morgan of Canada Limited.

Earnings and cash flow a common share

(Dollars)



Depreciation of $31,941,000 was provided during 1979, an increase of $1,271,000 over the amount provided in 1978. The policy of the Company is to write off the cost of manufacturing facilities on a straight line basis over their estimated useful lives. Annual reviews are made of the residual lives of all productive assets taking into account technological and commercial obsolescence as well as current physical condition. The change in depreciation from 1978 reflects the provision for new facilities brought into operation during the year and also the extension of the estimated residual lives of some plants, principally that of the agricultural chemicals plant at Courtright, Ontario.

Short term interest expense in 1979 was $3,493,000 compared to interest income in 1978 of $2,852,000. The interest expense in 1979 reflected seasonal bank borrowing and additional short term financing to supplement capital expansion whereas in 1978 income was generated from investing temporarily the proceeds of a new preferred share issue in excess of cash requirements.

The dividends on preferred shares at $5,841,000 were $1,737,000 higher than in 1978, reflecting increased interest rates and the fact that in 1979 dividends on the floating rate second preferred shares were paid for the full year whereas in 1978, the year of issue, they were paid for less than the full year.

Working capital
Cash resources decreased by $36,261,000 from December 31, 1978 as funds required for a high level of capital expenditures and increased working capital needed to support greater sales exceeded the cash generated from operations and the proceeds from the sale of Canadian Freehold Properties Ltd. Excluding cash, working capital increased by $43,131,000 over 1978, reflecting the higher level of business activity, a temporary increase in non-trade receivables, and a build-up of inventories in certain businesses due to long deliveries, a backlog of orders, and to support certain marketing strategies.

Capital expenditures
Expenditures on land, buildings, equipment and long term investments were the second highest in the Company's history and totalled $89,947,000. Major items were the completion of the expansion of chloralkali capacity at Bécancour, Québec, and of urea at Courtright, Ontario. The unexpended balance at December 31, 1979 on projects authorized is estimated at $29,000,000. For 1980 capital expenditures of $80,000,000 are planned.

Vice-President David Coyle, is confident about C·I·L's recent capital investment outlays of nearly $200 million in 1978 and 1979. "The cost of financing this program is affecting our earnings to-day" he says, "but these facilities provide C·I·L with a stronger base for profitable growth tomorrow".

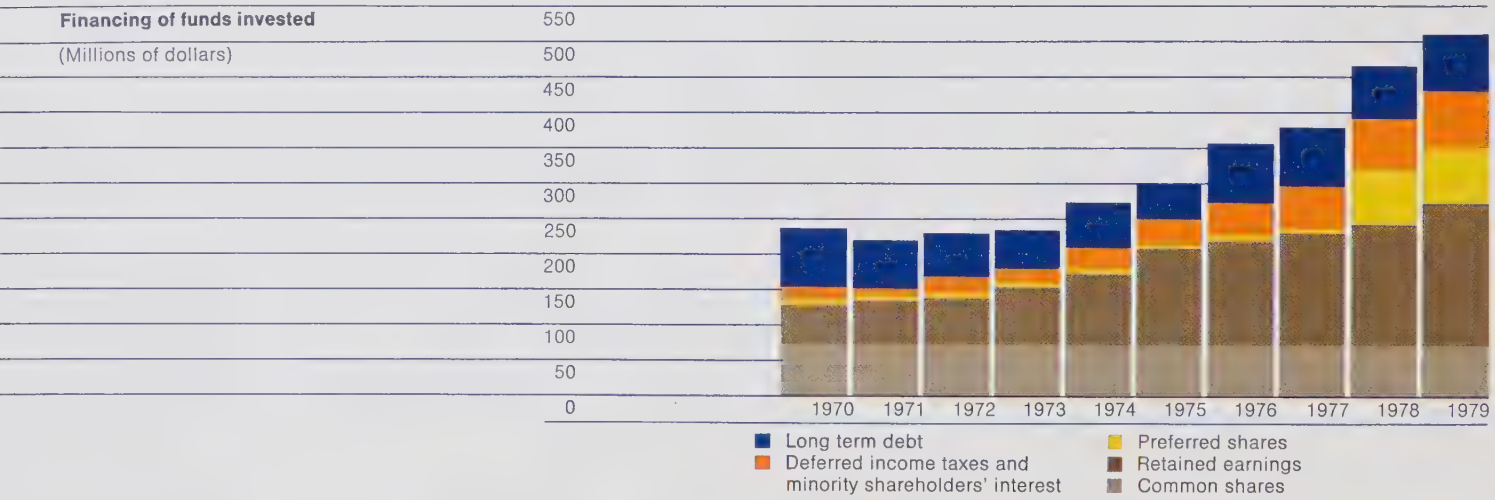
Impact of inflation
Inflation continues unabated in the Canadian economy and its weakening influence on the financial results of businesses must be considered.

In an inflationary environment, a manufacturing enterprise such as C·I·L must generate sufficient funds from its operations to finance the ever-increasing replacement cost of fixed assets and the higher working capital level just to maintain the same volume of business, while at the same time providing a reasonable return to the shareholders.

As reported in previous annual reports, C·I·L has been experimenting for some time with the replacement cost of productive capacity approach to measuring the additional funds required (to be provided out of current earnings) to cover adequately the effects of inflation. There are recognized weaknesses in the system employed, such as the subjectivity inherent in estimating replacement cost of manufacturing facilities taking into account such factors as changing technology, economies of scale, and the unexpired service potential of existing plants. Nevertheless, it is felt that this approach quantifies meaningfully for the management and shareholders the approximate effects of inflation on C·I·L's operations and the maintenance of its production capacity.

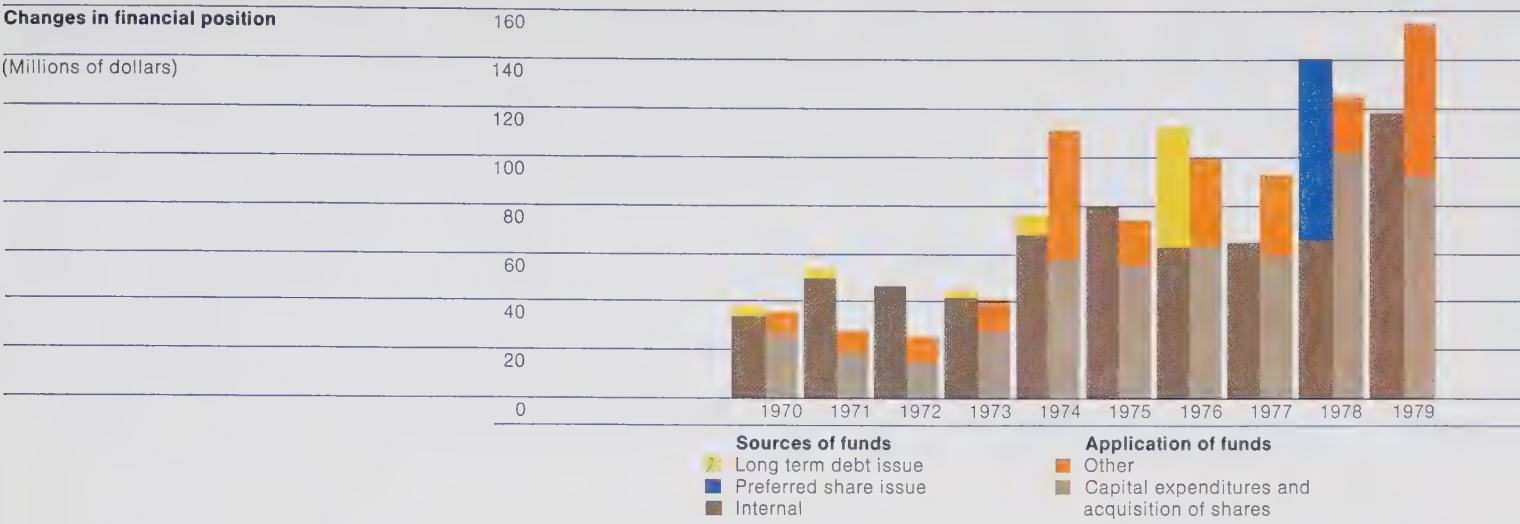
The Canadian Institute of Chartered Accountants issued an exposure draft in December 1979 containing proposed inflation accounting recommendations based on a maintenance of operating capability approach which closely parallels the

Financing of funds invested
(Millions of dollars)



Changes in financial position

(Millions of dollars)



methods now employed by C·I·L. Applying the CICA's proposed methods of presenting the effects of inflation, the results for the year are as follows:

Effects of inflation on income

(Millions of dollars)		
Historical cost income before interest and income taxes		77.6
Current cost adjustments		
Depreciation (Note I)	16.8	
Cost of goods sold (Note II)	8.1	
Net productive monetary items (Note III)	3.9	28.8
Current cost income		48.8
Financing adjustments (Note IV)	11.7	
Less: Interest expense and preferred dividends	16.5	4.8
Current cost income before income taxes		44.0
Income taxes	26.8	
Minority interest	3.5	30.3
Current cost income attributable to common shareholders		13.7*
Current cost income per share (dollars)		1.40*

*Before extraordinary items

Note I:
Additional current cost depreciation is based on the estimated unexpired service potential of all plants, buildings and equipment revalued on the basis of replacing productive capacity at present day costs and taking into account factors such as economies of scale and changing technology.

The adjustment for additional depreciation shown above is lower than that reported in previous years because engineering appraisals of all major manufacturing facilities carried out during 1979, and experience gained in the use of inflation accounting techniques, have resulted in lower replacement costs and longer asset lives for certain facilities.

Note II:
Adjustment to the cost of sales provides for the additional cost of replacing products sold at the date of sale rather than at their historic average costs.

Note III:
This adjustment is an estimate of the loss of purchasing power (caused by inflation) of the funds tied up in accounts receivable less accounts payable.

Note IV:
The financing adjustment reflects mainly that portion of the current year's appreciation in the value of operating assets which is financed by long term borrowing. The method used to calculate this adjustment differs from that suggested by the CICA Exposure Draft of December 1979.

Consolidated statement of income and retained earnings

For the year ended December 31

	1979	1978
Sales	**$ 879,968,000**	$ 746,857,000
Costs and expenses		
Operating costs excluding depreciation	**773,089,000**	664,317,000
Provision for depreciation	**31,941,000**	30,670,000
	805,030,000	694,987,000
Income from operations	**74,938,000**	51,870,000
Long-term debt interest, discount and expense	**(7,160,000)**	(7,167,000)
Other interest (expense) income – net	**(3,493,000)**	2,852,000
Share in earnings of associated corporations	**2,579,000**	1,709,000
Income before provision for income taxes	**66,864,000**	49,264,000
Provision for income taxes	**26,800,000**	19,450,000
Net income including minority interest	**40,064,000**	29,814,000
Minority shareholders' interest in the net income of subsidiary corporations	**3,755,000**	3,398,000
Net income before extraordinary items	**36,309,000**	26,416,000
Extraordinary items – net (Note 7)	**11,977,000**	163,000
Net income after extraordinary items	**48,286,000**	26,579,000
Retained earnings at beginning of year	**168,283,000**	158,345,000
Deduct: Dividends		
Preferred	**5,841,000**	4,104,000
Common	**12,928,000**	12,537,000
	18,769,000	16,641,000
Retained earnings at end of year	**$ 197,800,000**	$ 168,283,000
Earnings a common share, after preferred dividends		
Before extraordinary items	**$3.11**	$2.28
After extraordinary items	**$4.33**	$2.30

Consolidated balance sheet

At December 31

	1979	1978
Current assets		
Cash and deposits at interest	**$ 5,230,000**	$ 19,029,000
Accounts receivable (Note 2)	**147,103,000**	121,236,000
Inventories (Note 3)	**154,507,000**	133,976,000
Prepaid expenses	**2,635,000**	2,316,000
Total	**309,475,000**	276,557,000
Deduct:		
Current liabilities		
Bank loans	**24,395,000**	1,933,000
Accounts payable and accrued liabilities		
Trade and other	**113,387,000**	108,598,000
Affiliated corporations	**6,009,000**	8,396,000
Federal and provincial income taxes payable	**3,525,000**	2,784,000
Dividends payable	**4,289,000**	3,846,000
Total	**151,605,000**	125,557,000
Working capital	**157,870,000**	151,000,000
Investment in associated corporations	**9,987,000**	19,587,000
Land, buildings and equipment (Note 4)	**341,733,000**	294,550,000
Unamortized debenture discount and expense	**1,107,000**	1,201,000
Funds invested	**$ 510,697,000**	$ 466,338,000
Financed by:		
Long-term debt (Note 5)	**$ 81,275,000**	$ 80,482,000
Minority shareholders' interest in subsidiary corporations	**10,633,000**	10,789,000
Deferred income taxes	**69,798,000**	55,593,000
Shareholders' equity		
Share capital (Note 6)	**151,191,000**	151,191,000
Retained earnings	**197,800,000**	168,283,000
Total	**348,991,000**	319,474,000
	$ 510,697,000	$ 466,338,000

On behalf of the Board:

W.J. Mandry
Director

A. M. Campbell
Director

Consolidated statement of changes in financial position

For the year ended December 31

	1979	1978
Source of funds		
Funds from operations		
Net income before extraordinary items	**$ 36,309,000**	$ 26,416,000
Depreciation and amortization	**32,537,000**	31,201,000
Deferred income taxes	**12,722,000**	8,159,000
Share in earnings of associated corporations in excess of dividends received	**(1,115,000)**	(383,000)
	80,453,000	65,393,000
Disposition of investment in Canadian Freehold Properties Ltd. and other assets	**34,892,000**	129,000
Issue of second preferred shares	**—**	75,000,000
Minority share of net income in subsidiary corporations, less dividends	**1,133,000**	569,000
Issue of long-term debt – net	**793,000**	—
Total	**117,271,000**	141,091,000
Application of funds		
Dividends	**18,769,000**	16,641,000
Additions to fixed assets	**84,422,000**	97,553,000
Acquisition of assets in subsidiaries and net additions to investments in associated corporations	**5,525,000**	4,954,000
Other	**1,685,000**	506,000
Net increase in working capital excluding cash and bank loans	**43,131,000**	5,057,000
Total	**153,532,000**	124,711,000
Increase (reduction) in funds for year	**(36,261,000)**	16,380,000
Funds on hand less bank loans January 1	**17,096,000**	716,000
Funds on hand less bank loans (deficiency) December 31	**$ (19,165,000)**	$ 17,096,000

As at January 1, 1980 the Corporation changed its name from Canadian Industries Limited to C·I·L Inc. and received its certificate of continuance under Section 181 of the Canada Business Corporations Act.

1. Accounting policies

Basis of consolidation
The accounts include C·I·L Inc. and all its subsidiaries except one foreign subsidiary for which the investment has been written off.

The Corporation accounts for acquisitions on the purchase method. Under this method, the difference between the cost and the book value of net assets acquired is added to or deducted from consolidated fixed assets and amortized over ten years or written off when the value no longer exists.

Foreign currencies
Current assets and liabilities and income accounts for those foreign subsidiaries included in the consolidation are converted into Canadian dollars at exchange rates in effect at the end of the respective reporting periods. Fixed assets, long-term liabilities and shareholders' equity are converted at rates of exchange in effect when first acquired, incurred or issued.

Inventories
Inventories are valued at the lower of average cost and net realizable value. Goods in process and manufactured goods include the cost of raw material, direct labour and manufacturing overheads.

Investment in associated corporations
Investments in associated corporations have been accounted for on the equity method. Under this method, the Corporation's share of net income of these associated corporations is included in the consolidated statement of income and retained earnings, rather than when realized through dividends. The investments are carried in the consolidated balance sheet at original cost plus the Corporation's share of earnings from January 1, 1974, less dividends received and less amounts written off where the underlying value of the assets no longer exists.

Fixed assets and depreciation
Buildings and equipment are carried at cost less accumulated depreciation. It is the policy to write off the book value of each fixed asset evenly over its estimated remaining life; annual reviews are made of the residual lives of all productive assets, taking account of commercial and technological obsolescence as well as physical condition. Depreciation is not charged on construction in progress.

Research and development
All expenditures for research and development, except buildings and major items of equipment used for this purpose, are charged to income as incurred.

Pension costs
The great majority of employees are covered by Corporation pension plans. Current contributions and past service funding requirements are charged against income in the year they become payable. Past service costs in trusteed plans are being amortized within the requirements of the regulations of the Provinces in which the plans are registered.

Income taxes
The tax allocation method of providing for income taxes is followed. Under this method, income taxes currently payable may differ from the total income tax provision for the year as a result of timing differences between recognition of expenditures for accounting purposes and tax purposes. Such differences largely arise from claiming maximum capital cost allowances for tax purposes, which are higher than depreciation charged for determining reported income. The tax effect of these timing differences is reflected in the accounts as deferred income taxes.

Oil and gas exploration
Expenditures for oil and gas exploration are accounted for by the successful efforts method. Under this method the initial acquisition costs for oil and gas properties together with the costs of drilling successful wells are capitalized. Exploration expenditures including geological and geophysical surveys, administration and unsuccessful drilling and associated acquisition costs are charged to expense.

Leases
As of January 1, 1979 the recommended policy of the Canadian Institute of Chartered Accountants for lease accounting was adopted. Leases are classified as capital or operating leases. A lease entered into on or after January 1, 1979 that transfers substantially all of the benefits and risks incidental to the ownership of property is accounted for as if it were an acquisition of an asset and the incurrence of an obligation at the inception of the lease. All other leases are accounted for as operating leases wherein rental payments are expensed as incurred. Assets recorded under capital leases are amortized on a straight-line basis over their useful lives.

2. Accounts receivable

	December 31, 1979	December 31, 1978
Customer	**$ 127,767,000**	$ 111,130,000
Affiliated corporations	**1,146,000**	1,800,000
Associated corporations	**3,215,000**	2,220,000
Other	**14,975,000**	6,086,000
	$ 147,103,000	$ 121,236,000

3. Inventories
The inventories are classified as follows:

	December 31, 1979	December 31, 1978
Raw materials	**$ 44,668,000**	$ 38,236,000
Goods in process and finished goods	**106,874,000**	92,448,000
Stores and supplies	**2,965,000**	3,292,000
	$ 154,507,000	$ 133,976,000

4. Land, buildings and equipment

	December 31, 1979	December 31, 1978
Buildings and equipment	**$ 599,443,000**	$ 474,933,000
Less: Accumulated depreciation	**290,118,000**	271,655,000
	309,325,000	203,278,000
Construction in progress	**20,539,000**	81,642,000
Land	**11,869,000**	9,630,000
	$ 341,733,000	$ 294,550,000

It is estimated that expenditures of $29,000,000 will be required to complete projects authorized prior to December 31, 1979.

5. Long-term debt

	December 31, 1979	December 31, 1978
5⅝% debentures due December 1, 1984	**$ 30,000,000**	$ 30,000,000
10⅝% sinking fund debentures due July 15, 1996	**50,000,000**	50,000,000
Other (net of current portion, $345,000, 1978 – $217,000)	**1,275,000**	482,000
	$ 81,275,000	$ 80,482,000

Sinking fund provisions of the 10⅝% debentures require the Corporation to make payments to the trustee sufficient to retire $2,000,000 principal amount on July 15 in each of the years 1982 to 1995 inclusive.

6. Share capital

	Shares	**December 31, 1979**	December 31, 1978
First preferred – cumulative dividend of $3.75 per annum	46,500	**$ 2,325,000**	$ 2,325,000
Second preferred – cumulative floating dividend			
Authorized	8,000,000		
Issued – Series A	3,000,000	**75,000,000**	75,000,000
Common – unlimited			
Issued	9,794,161	**73,866,000**	73,866,000
		$ 151,191,000	$ 151,191,000

The cumulative dividend on the floating rate Second Preferred Shares, Series A, is payable quarterly at a rate equal to one half of a sum of the average prime lending rate of four leading Canadian banks plus 2½% per annum. The shares will be retractable at the option of the holder on February 21, 1988 and redeemable at the option of the Corporation commencing in 1981.

In compliance with the Canada Business Corporations Act, par values of capital stock have been eliminated and common shares no longer have an authorized limit.

7. Extraordinary items

Details of extraordinary items are as follows:

Gains arising on disposal of Canadian Freehold Properties Ltd. and other assets (less income taxes of $2,590,000)		$ 16,957,000
Less: Write off of goodwill	$ 3,468,000	
Provision for costs associated with shut-down of operating facilities (net of income tax recovery of $1,328,000)	1,512,000	4,980,000
		$ 11,977,000

8. Pension plan

The contributions made by the Corporations and their employees are deposited in an irrevocable trust fund in accordance with the terms of the plan. There remains an unfunded liability at December 31, 1979 with respect to past services of $27,453,000 based on an actuarial valuation received in 1979. This amount will be paid in instalments, at an initial annual amount of approximately $3,200,000, in accordance with the regulations of the Provinces in which the plans are registered.

9. Contingent liabilities

The Corporation had contingent liabilities as at December 31, 1979 of $6,104,000 with respect to guarantees on behalf of other corporations and other contingent liabilities of $756,000.

10. Lease commitments

The future minimum lease payments under the capitalized and operating leases of the Corporation, together with the present value of the net minimum lease payments on the capitalized lease, are as follows:

	Capitalized Lease	Operating Leases
1980	$ 47,100	$ 9,843,000
1981	47,100	8,716,000
1982	47,100	7,916,000
1983	47,100	6,751,000
1984	52,100	5,697,000
Subsequent to 1984	1,104,400	22,621,000
Total minimum lease payments	1,344,900	$ 61,544,000
Less: Amount representing interest	882,900	
Present value of net minimum lease payments	$ 462,000	

The capitalization of leases of a capital nature entered into in prior years would result in immaterial adjustments to the financial statements. The major portion of the operating leases are for transportation equipment.

The Corporation is committed to enter into a capital lease for the rental of a major office complex which is expected to be completed in 1981.

11. Investment tax credits

At December 31, 1979 the Corporation had a balance of investment tax credits of approximately $15,400,000 available to reduce future income taxes otherwise payable.

12. Remuneration of all persons who acted as directors and senior officers of this corporation at any time during the year.

	1979		1978	
	Number	**Amount**	Number	Amount
As directors	**14**	**$ 64,000**	15	$ 69,000
As officers	**14**	**1,303,000**	18	1,174,000
Officers who are also directors	**4**		6	

13. Sales by classes of business

	1979		1978	
	Amount	**%**	Amount	%
Agricultural and Industrial Chemicals	**$ 516,851,000**	**59**	$ 432,136,000	58
Explosives and related products	**217,731,000**	**25**	195,749,000	26
Paints and Pigments	**82,695,000**	**9**	74,348,000	10
Other	**62,691,000**	**7**	44,624,000	6
	$ 879,968,000	**100**	$ 746,857,000	100

Auditors' report

The Shareholders,
C·I·L Inc.

We have examined the consolidated balance sheet of C·I·L Inc. as at December 31, 1979 and the consolidated statements of income and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Corporation as at December 31, 1979 and the results of its operations and the changes in financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Touche Ross & Co.
Chartered Accountants

Montreal, Canada
February 13, 1980

Consolidated financial review

	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970
Consolidated Income Statement Items (Millions of dollars)										
Sales	**880.0**	746.9	667.8	613.9	594.9	517.6	383.3	324.5	349.2	323.3
Depreciation	**31.9**	30.7	27.2	25.4	26.7	21.8	18.6	17.6	19.7	19.8
Income from operations	**74.9**	51.9	54.6	50.4	86.6	65.6	33.0	23.9	25.3	20.9
Long term debt interest, discount and expense	**7.2**	7.2	7.8	5.2	2.9	3.1	3.2	3.4	4.2	4.7
Provision for income taxes	**26.8**	19.5	21.1	20.5	39.5	28.9	14.9	10.1	9.9	6.5
Net income*	**36.3**	26.4	24.9	24.4	42.6	34.8	16.0	10.5	9.5	8.1
Dividends	**18.8**	16.6	12.7	12.3	11.9	11.4	8.5	6.1	6.1	6.1
Consolidated Balance Sheet Items (Millions of dollars)										
Working capital	**157.9**	151.0	128.4	136.0	120.6	110.0	107.3	111.2	87.0	68.1
Fixed assets	**631.9**	566.2	476.6	420.4	366.5	316.4	280.0	262.3	253.0	320.2
Accumulated depreciation	**290.1**	271.7	249.4	224.5	206.1	183.6	164.5	148.6	132.7	164.6
Capital expenditures	**84.4**	97.6	58.5	62.1	54.3	47.6	21.5	12.8	16.8	14.8
Long term debt	**81.3**	80.5	80.7	80.5	51.1	51.7	55.5	63.1	66.1	83.6
Shareholders' equity										
Preferred	**77.3**	77.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Common	**271.7**	242.1	232.2	220.1	208.0	173.7	150.0	142.8	138.3	127.9
Per Share of Common Stock (Dollars per share)										
Earnings*	**3.11**	2.28	2.52	2.47	4.34	3.54	1.61	1.06	0.95	0.81
Dividends	**1.32**	1.28	1.28	1.24	1.20	1.15	0.85	0.60	0.60	0.60
Equity	**27.74**	24.72	23.71	22.47	21.24	17.74	15.35	14.58	14.12	13.06
Quarterly earnings*										
1st Quarter	**0.26**	0.29								
2nd Quarter	**1.54**	1.43								
3rd Quarter	**0.76**	0.32								
4th Quarter	**0.55**	0.24								
Year	**3.11**	2.28								

*Before extraordinary items

Design: Eskind Waddell
Printing: C.F. Haughton Limited

Printed in Canada